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DANIEL A. JENSEN

October 22, 2004

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DIV. OF OIL, GAS & MINING

Mr. Darren Haddock
Permit Supervisor
UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114

*Re: Geneva Steel
Iron Mountain Mine
M/021/008*

Dear Mr. Haddock:

Thank you for meeting with me yesterday. This letter is to formally request an extension of the current deadline for updating the amount of the reclamation surety bond for Geneva Steel's Iron Mountain Mine property.

As you know, Geneva has a reclamation bond in place for \$1,073,000. Last year your office escalated the bond amount by \$226,100 to account for inflationary cost increases. Geneva was given another year in which to provide the additional bonding in light of its status as a bankruptcy debtor. Geneva was still hoping at that time to resume operations.

Since then, Geneva's primary creditors and the Bankruptcy Court have decided that Geneva's assets should be liquidated. Geneva has thus begun to negotiate with parties interested in buying those assets, including parties interested in buying Geneva's Iron County holdings. Geneva is currently attempting to finalize a comprehensive sale of all of its Iron County assets to a single buyer who intends to resume iron mining operations. That buyer wishes to obtain an assignment of Geneva's existing mine permit. The buyer has been advised that before any assignment can occur it will have to provide an adequate replacement bond. Geneva and the buyer are also investigating whether Geneva's surety (Travelers) will transfer or reissue the bond in favor of the buyer. I believe Travelers has also contacted your office to discuss that option. Geneva remains in the midst of finalizing a sale to that buyer. If a transaction with that buyer is not closed, Geneva intends to aggressively market the property to other interested buyers.

Geneva's mine permit is a significant asset and its good standing makes the property much more marketable. Geneva has paid its annual mine permit fee but, because of the bankruptcy situation, does not have funds available to increase the amount of its bond to account

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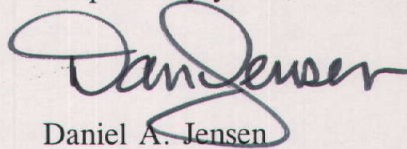
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for inflation. It seems clear that the best solution for Geneva and for the State is for Geneva to sell the property to a solvent operator who will take over reclamation responsibility and provide adequate surety to secure that obligation. To accomplish that, Geneva needs to maintain its mine permit in good standing.

For these reasons I am respectfully requesting that Geneva be given an additional year before an increase to the bond amount is required, during which time Geneva expects to close the pending sale or find another suitable buyer. In either case, the new owner will be required to provide a replacement bond in the properly escalated amount in order to provide adequate reclamation security.

I appreciate your consideration of this request. If any further information is needed, please feel free to contact me.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Dan Jensen", with a stylized flourish at the end.

Daniel A. Jensen
Attorney for Geneva Steel

cc: Richard Ross